



STATE OF IOWA

CHESTER J. CULVER, GOVERNOR
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
KEVIN W. CONCANNON, DIRECTOR

INFORMATIONAL LETTER No. 693

DATE: March 19, 2008

TO: Iowa Medicaid Physician, Podiatrist, Rural Health Clinic, Clinic, Community Mental Health, Family Planning, Ambulatory Surgical Center, Certified Nurse Midwife, Certified Registered Nurse Anesthetist, Federal Qualified Health Center and Nurse Practitioner Providers

ISSUED BY: Iowa Department of Human Services, Iowa Medicaid Enterprise

RE: NDC is required for J-code drugs (Medicare cross-over claim requirement)

EFFECTIVE: May 1, 2008

Attention! For all J-code claims filed to Medicaid, the claim must include the NDC code, and must be on the 'CMS rebateable list', as described in Information Letter No. 647. This memo clarifies that this requirement **ALSO** applies to claims filed to Medicare that cross-over to Medicaid – 'CROSSOVER CLAIMS'. The NDC must be included with the J-Code on the claim filed with MEDICARE, in order for MEDICAID the crossover claim to be payable by MEDICAID.

For more information on the J-code NDC requirement for Medicaid claims see Informational Letter No. 647 on October 26, 2007.

To comply with Centers for Medicare and Medicaid Services (CMS) requirements pursuant to the Federal Deficit Reduction Act (DRA) of 2005, the Iowa Medicaid Enterprise (IME) was obligated to require providers to report the National Drug Code (NDC) on all "J" code drugs administered in an office/clinic or other outpatient setting. This requirement was described in two Informational Letters from IME (#593 dated March 28, 2007 and #647 dated October 26, 2007). The purpose of the requirement is to allow Medicaid to collect rebates from drug manufacturers for products paid through the Medicaid program. Ultimately, the inclusion of NDC on claims submitted directly to Medicaid was required for dates of service on or after December 17, 2007.

A recent clarification from CMS specified that this requirement also applies to Medicare cross-over claims. "Cross-over claims" are claims sent to the IME after they are paid (primary) by a Medicare carrier but some Medicaid payment eligibility still remains. Typically, this means Medicaid covers a Medicare coinsurance and/or deductible for a member who is "dual-eligible" for both Medicare and Medicaid.

IME has requested a waiver from CMS to delay this requirement in order to allow providers and IME time to make the changes necessary to comply with this obligation. In accordance with that waiver request, **IME will require NDC on all professional CMS-1500 claims that will be submitted to Medicaid via a "cross-over" claim that have been paid primary by Medicare Part B for dates of service on and after May 1, 2008.** However, this requirement also applies to claims submitted to a Medicare HMO (Medicare Part C) on the CMS1500/professional format.

The NDC number is 11 digits and serves as a universal drug product identifier located on a drug's packaging. The NDC requirement states that all claims for physician-administered drugs administered in an office/clinic or other outpatient setting that are reported with a HCPCS "J" code must also include the corresponding NDC number. In addition, only those NDCs that are "rebatable", as reflected by inclusion on the IME's "Preferred Drug List" (PDL) will be payable by IME.

Rebatable Drugs: the IME will only pay claims for those J code drugs with corresponding NDC numbers that are rebatable per the Omnibus Budget Reconciliation Act of 1990 (OBRA'90). The Medicaid Drug Rebate Program requires a drug manufacturer to enter into and have in effect a national rebate agreement with the Secretary of the Department of Health and Human Services (HHS) for states to receive Federal funding for outpatient drugs dispensed to Medicaid patients. The IME maintains a list of rebatable NDC numbers on our website, <http://www.ime.state.ia.us/Providers/DrugList.html> look for the box marked "Quick Links", and then choose "Rebatable Drugs."

Reporting the NDC Number on a cross-over claim:

Claims forwarded to IME electronically by Medicare: Most professional cross-over claims come to IME "automatically" through the electronic Coordination of Benefits (COB) process. These claims contain a reference on the Medicare Explanation of Benefits (EOB) that they have been forwarded to Medicaid ("Title 19"). Please be aware that the payment from Medicaid for any remaining coinsurance and/or deductible on claims forwarded from Medicare through the COB may take a few weeks to process. To report the NDC on these claims, simply include it on the original claim to Medicare on the 837P Electronic Transaction. On this transaction (which is required by Medicare), the NDC number is reported in loop 2410, which directly follows the HCPCS code. This is exactly the same as claims submitted directly to Medicaid on the electronic format. As such, providers should already have processes in place to include the NDC on electronic claims submitted directly to Iowa Medicaid.

Cross-over claims submitted to IME on paper: For claims that do not cross through the COB process (currently this includes all Medicare HMO claims), providers must now include a copy of the CMS-1500 (08/05) claim form to report the NDC along with the usual Medicare EOB. The CMS 1500 form is not necessary for claims where there is no NDC to report, but it is allowed. All of the usual Medicaid CMS 1500 claim instructions apply (the NDC is in box 24A: enter qualifier "N4" followed by the NDC number in the gray area above the date of service). Complete instructions are available on line at: <http://www.ime.state.ia.us/Providers/index.html>.

If you have any questions please contact IME Provider Services at 1-800-338-7909, locally in Des Moines at 515-725-1004 or by email at imeproviderservices@dhs.state.ia.us.